

**COMMENTS OF EQUIPOWER RESOURCES CORP.
ON SENATE BILL 1079
AN ACT CONCERNING OPERATIONS OF PUBLIC SERVICE COMPANIES**

EquiPower Resources Corp. (EquiPower), a Hartford based company, owns and operates 1,792 MWs of generating capacity in New England with 1,360 MWs of that total in Connecticut. EquiPower is the second largest generator of electricity in Connecticut. EquiPower opposes SB 1079 as it is written pursuant to which the electric distribution companies (EDCs) could construct, own or operate renewable energy source generation facilities.

SB 1079 includes language that the DPUC will approve "the construction, ownership and operation by an electric distribution company of such facility in a contested proceeding in which the department has made available to other persons the opportunity to submit proposals for such construction, ownership and operation." EquiPower believes this language should be strengthened to require competitive bids from EDCs and merchant generators on a level playing field. EquiPower has no issue with the EDCs competing for renewable resource investment on a level playing field much as they did in response to the 2007 Connecticut DPUC RFP for peaking generation. As you may recall, the Connecticut EDCs participated in the 2007 RFP with one of the EDCs submitting the highest cost bid and another joining forces with a competitive generator in a successful bid.

The differences in the competitive and regulated business models are well chronicled. The regulated, monopoly model provides perverse incentives for regulated entities to incur higher investment costs upon which they and their shareholders earn higher amounts of profits, while ratepayers bear the risk of cost overruns. In the competitive model, merchant generation companies must carefully manage costs because the risk of cost overruns is born by shareholders and investors rather than ratepayers. Frankly, this is why the Connecticut legislature favored the competitive model in legislation enabling the two previous successful generation RFP processes. The legislature should not abandon the competitive RFP process for renewable generation projects when it has worked so well in the past.

Additionally, since deregulation the competitive generation sector has built the expertise to develop, construct and operate all types of generation, including renewables. There is absolutely no evidence that Connecticut EDCs have this expertise. Further to this point, the evidence is clear that competitive generators have demonstrated significantly better operating results than under the regulated, monopoly regime. Over the last decade New England generators have reduced the downtime of generating plants due to forced and planned outages by approximately 50 percent. This increased availability has reduced the number of plants needed to serve the electric load reliably saving hundreds of millions of dollars annually for New England ratepayers.

EquiPower strongly urges the Committee to reject SB 1079 and endorse competitive RFPs for renewable generation to the extent required to support renewable standards.

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